

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 9 September 1977 CG NIDC 77-210C

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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National Intelligence Daily Cable for Friday, 9 September 1977

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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JAPAN: Economic Stimulus Package

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[redacted] Japanese Prime Minister Fukuda announced a \$7.5-billion reflation package early this week designed to maintain the fast pace of economic growth achieved during the first eight months of 1977. Without such a boost, growth in gross national product would slip sharply because of slowing government spending and exports. Nonetheless, Tokyo still will not meet its goal for economic growth nor reduce its current-account surplus.

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[redacted] The fiscal stimulus provided by the package will push the increase in GNP from 5.5 to 5.7 percent for 1977 as a whole, still short of Tokyo's 6.2-percent goal. In 1978, GNP growth should surpass 6 percent. The package will have little impact on Japan's current-account surplus for 1977, estimated at \$7.3 billion. More importantly, in 1978 the imbalance will increase--to \$9.4 billion--because the volume of exports is likely to continue to outpace the volume of imports. Last year the surplus was \$3.7 billion.

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[redacted] Only \$5.2 billion of the package reflects net additional government outlays during the remainder of fiscal year 1977 (September 1977 to March 1978), according to the US Embassy. Anticipated new private investments and government spending planned for fiscal 1978 account for the remainder.

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[redacted] The fiscal package was coupled with a 0.75-percentage-point cut in the discount rate, to 4.25 percent. The Embassy estimates that the reflation program can be funded by a \$400-million increase in deficit bonds, cuts elsewhere in the budget, and some drawdown in government cash balances. [redacted]

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GUINEA-USSR: Another Irritant

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[redacted] Soviet deliveries of gasoline to Guinea have fallen behind schedule, leading to an acute shortage over the past several days. No Soviet tankers are expected to arrive until next week at the earliest. The USSR is Guinea's principal source of gasoline. The delayed deliveries constitute a new irritant in Guinean-Soviet economic relations on the heels of President Toure's recent moves to improve relations with the US--including his decision to prohibit Soviet TU-95 naval reconnaissance flights from landing at Conakry for any purpose.

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[redacted] Guinea Prime Minister Beauvogui told the US Charge earlier this week that his government suspects the Soviets are deliberately slowing down fuel deliveries because of Guinea's recent overtures to the US. He said that Guinea is seeking emergency supplies from neighboring Sierra Leone, and asked for the US Embassy's help in contacting potential US suppliers. He said that Guinea hopes to diversify its regular sources of gasoline over the longer run.

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[redacted] Guinea's longstanding unhappiness with certain aspects of Soviet trade and assistance is no doubt a factor in its professed interest in expanding ties with the West. Conakry, for example, is seeking to replace some Soviet-supplied civil aircraft with US aircraft because of past difficulties over Soviet maintenance and supply of parts.

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[redacted] Nevertheless, other aspects of Guinea's relationship with the USSR remain unchanged. Warships, for example, continue to use the port and anchorages off Conakry, where they have maintained a continuous presence since 1970. [redacted]

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SOUTH AFRICA: Government Attacks Black Editor

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[redacted] South African Prime Minister Vorster and Minister of Justice Kruger have threatened to close down the country's largest black newspaper, The World. Both publicly have criticized Percy Qoboza, the paper's editor, for advocating such "inflammatory" and "revolutionary" concepts as majority rule.

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[redacted] The World has become anathema to the government since Qoboza returned from a year at Harvard University 10 days before the outbreak of rioting in Soweto last year. Qoboza has taken highly independent editorial positions and has been increasingly bold in his criticism of the government's policies. He has also been involved in forming the Committee of Ten, which has proposed autonomous local government for Soweto, and he has joined in a call for a national convention with representatives from all racial groups to work out a constitution for a multiracial South Africa.

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[redacted] Although the South African press has been relatively free to criticize the government on even fundamental issues such as apartheid, its sensitivity to criticism seems to be

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increasing. A black journalist was detained in June for refusing to downplay his reporting on the anniversary of the rioting in Soweto and others have been banned, in effect, from working as journalists.

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Last March the government introduced a bill which would have given it sweeping authority to control the press. After two weeks of opposition from the press corps, the government backed off, saying it was prepared to give the press a chance over the next year to show that it could discipline itself. Vorster recently stated that the government would not be afraid to reintroduce the bill next year.

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BRIEFS

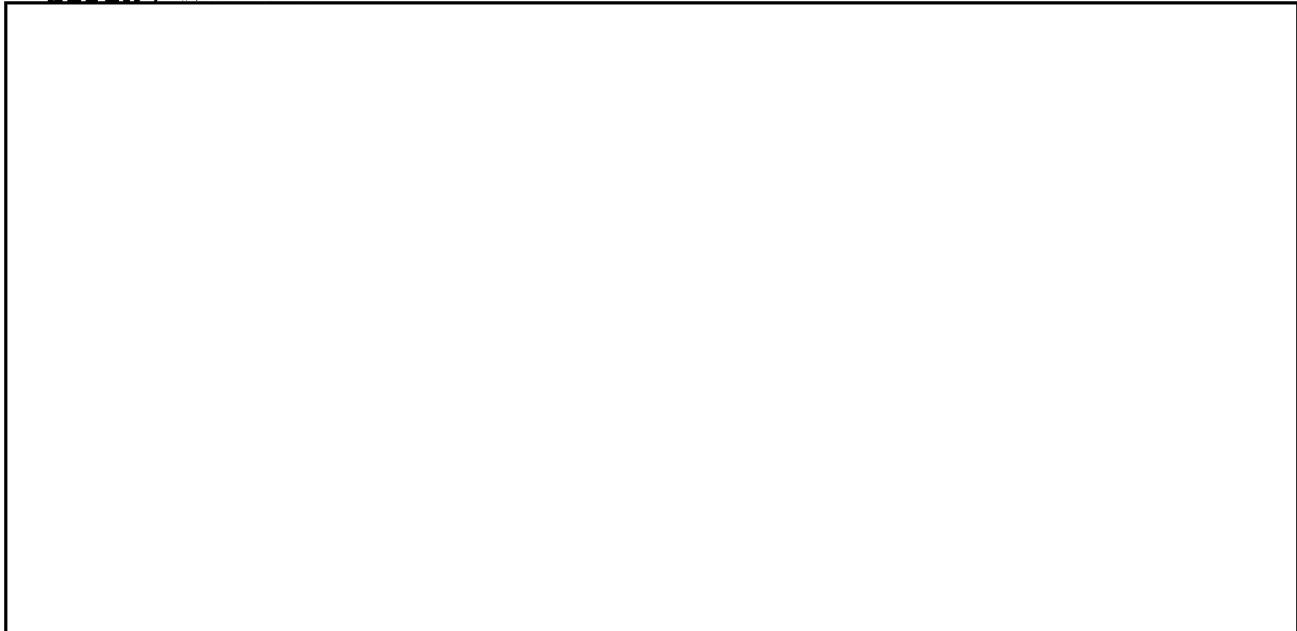
Uganda

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[redacted] According to press reports, President Amin is in a coma after undergoing surgery for an undisclosed ailment. We cannot confirm these reports and have no information on the nature of Amin's illness. Amin, about 50, has been troubled by bursitis and a throat ailment, and there are reports that he suffers from syphilis.

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[redacted] Amin's enemies--especially those in the army--who have been plotting against him may be encouraged by the reports to move again against the government. Amin could have even concocted the story of his operation to lure his opponents into another move. Amin's admission to the hospital early this week was accompanied by uncharacteristic publicity. In any event, Amin's loyal troops are likely to impose tight security measures during his convalescence to thwart any move by dissidents.



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[Redacted]

Turkey

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[Redacted] Turkey announced yesterday a moderate economic package intended to reduce inflation, promote economic growth, and improve the balance of payments. The measures will not have a big impact on the country's severe foreign exchange shortage--its most immediate economic worry--or any of its other problems. The announcement coincided with the visit of International Monetary Fund officials to Turkey to negotiate policy conditions for a loan.

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[Redacted] The package will provide larger loans to exporters in order to encourage overseas sales and will discourage some imports. Producers of goods for export will be allowed to import more intermediate goods and some elimination of red tape that slows exports is promised. Other measures include consumer credit restrictions, interest rate hikes, and price increases on selected goods produced by state enterprises. [Redacted]

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Nicaragua

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[Redacted] President Somoza returned to Nicaragua from the Miami Heart Institute early Wednesday morning. He had been at the institute since suffering a heart attack in late July. Accompanied by his personal physician and a cardiologist from the institute, he went at once to his Pacific coast sugar plantation, Montelimar, where he will continue his convalescence. Observers, especially members of the opposition, will now be watching closely the speed with which he resumes control of the government. [Redacted]

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